

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re:	:	Chapter 11
	:	
CIRCUIT CITY STORES, INC., et al.	::	Case No. 08-35653
	:	
Debtors.	:	Jointly Administered

**OBJECTION OF COSMO-EASTGATE, LTD. TO CURE AMOUNT
PROPOSED BY DEBTORS IN MOTION FOR ORDERS UNDER 11 U.S.C. §§ 105, 363,
AND 365 (I) APPROVING BIDDING AND AUCTION PROCEDURES FOR SALE OF
UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES FOR CLOSING
STORES, (II) SETTING SALE HEARING DATE, AND (III) AUTHORIZING AND
APPROVING (A) SALE OF CERTAIN NONRESIDENTIAL REAL PROPERTY
LEASES FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES, (B)
ASSUMPTION AND ASSIGNMENT OF CERTAIN UNEXPIRED NONRESIDENTIAL
REAL PROPERTY LEASES, AND (C) LEASE REJECTION PROCEDURES**

Cosmo-Eastgate, Ltd., by and through its undersigned counsel, hereby objects (the “Cure Objection”) to the proposed cure amount set forth in Exhibit “B” to the Debtors’ *Motion (“Motion”) for Orders Under 11 U.S.C. §§ 105, 363, and 365 (I) Approving Bidding and Auction Procedures for Sale of Unexpired Nonresidential Real Property Leases for Closing Stores, (II) Setting Sale Hearing Date, and (III) Authorizing and Approving (A) Sale of Certain Nonresidential Real Property Leases Free and Clear of Liens, Claims, and Encumbrances, (B) Assumption and Assignment of Certain Unexpired Nonresidential Real Property Leases, and (C) Lease Rejection Procedures* [Docket No. 413], and in support thereof, respectfully state as follows:

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Counsel for Cosmo-Eastgate, Ltd.

BACKGROUND

1. On November 10, 2008 (the “Petition Date”), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108. The Debtor, Circuit City is a leading specialty retailer of consumer electronics and operates large nationwide electronics stores.

3. The Debtor is a tenant in connection with an unexpired nonresidential real property lease (“Lease”) with landlord, Cosmo-Eastgate, Ltd. (“Cosmo-Eastgate, Ltd.”), in connection with a location in Mayfield Heights, Ohio.

4. December 10, 2008 has been established as the initial deadline for filing objections to the cure amounts proposed by the Debtors.

5. On Exhibit B, the Debtors estimate the cure amount in connection with the Lease to be as follows:

(a). Mayfield Heights, Ohio (Cosmo-Eastgate, Ltd.) - \$21,632 (the “Proposed Cure Amount”)¹

6. Set forth on the attached Exhibit “A” to this Objection is a schedule of known monetary claims of Cosmo-Eastgate, Ltd., as of the filing of this Objection, for common area maintenance charges, taxes, insurance, base rent, and other monthly obligations under the Lease, as the case may be (the “Arrearages”). The Arrearages are based upon information now

¹ The Proposed Cure Amount is comprised of the following:

Nov. Stub Rent	Nov. Stub Cam	Nov. Stub Ins.	Nov. Stub Tax	Pre-Petition CAM	Pre-Petition Insurance	Pre-Petition Tax	Pre-Petition Utilities
\$13,406	\$1,483	\$233	\$2,030	\$4,316	\$0	\$0	\$164

available to Cosmo-Eastgate, Ltd., and is set forth with a full reservation of rights to modify such amount as additional information becomes available.

7. Moreover, the Debtors are obligated to cure defaults under the Lease as they exist on the actual date the Lease is assumed by the Debtors. 11 U.S.C. § 365(b)(1). The amount owed to Cosmo-Eastgate, Ltd., pursuant to section 365(b)(1), will depend upon the effective date of the assumption of the Lease.

8. Further, Cosmo-Eastgate, Ltd. must be reimbursed as part of the cure payments for all of its actual pecuniary losses, including, but not limited to, reasonable attorneys' fees and costs expended with regard to enforcement of the rights of Cosmo-Eastgate, Ltd. under the Lease and protecting its interests in these cases.

9. In addition to the amounts set forth on Exhibit "A", Cosmo-Eastgate, Ltd. asserts that there may be additional amounts due with regards to both pre-petition and post-petition periods, such as, but not limited to, accrued taxes. Specifically, and by way of example, accrued real estate taxes for 2008 will be invoiced in December 2008, and will be due in January 2009. As there may exist unbilled but accrued liabilities of the Debtors, the Debtors should be liable for curing all monetary and non-monetary obligations of the Debtors under the Lease, including but not limited to, continuation of indemnity.

10. The Debtors and/or their assignee must remain fully liable for any year-end adjustments, notwithstanding the assumption and assignment of the Lease. To the extent the Debtors remain liable for such year-end adjustments, the Debtors must be required to escrow and/or reserve funds from the proceeds of the sale of the Lease in an amount that is sufficient to pay the year-end adjustments in full when billed.

11. Finally, Cosmo-Eastgate, Ltd. asserts that it is entitled to adequate assurance of future performance pursuant to section 365(b)(1)(C), and as such, an assignee has all of the obligations and restrictions imposed under the Lease, including but not limited to, use, utilization, hours of operation, signage, advertising, insurance, and relocation.

WHEREFORE, Cosmo-Eastgate, Ltd. respectfully requests that the Court enter an order that requires the Debtors to (i) pay the full Arrearages to Cosmo-Eastgate, Ltd. upon the assumption of the Lease; (ii) cure any additional amounts that are due and owing under the Lease on the actual date of the assumption of the Lease; (iii) pay Cosmo-Eastgate, Ltd.'s attorneys' fees and costs; (iv) require the assignee to pay all additional amounts that may come due under the Lease with respect to any year-end adjustments, or otherwise; or alternatively, require the Debtors to escrow or reserve proceeds from the sale of the Lease to pay any and all additional amounts due under the Lease when billed; (v) require the Debtors to cure any delinquent taxes due under the Lease and to remain fully obligated for payment of any future taxes due under the Leases; and (vi) provide such further and additional relief as the Court may deem just and proper.

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Respectfully Submitted,

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Counsel for Cosmo-Eastgate, Ltd.

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2008, a true and complete copy of the foregoing was filed and served (i) electronically on the “2002” and “Core” lists; (ii) through the Court’s ECF System.

/s/ Vivieon E. Kelley

Exhibit "A"

Cosmo Eastgate, Ltd. – Eastgate Shopping Center, Mayfield, Ohio

Circuit City Rent and Other Charges

	November	December
Rent	\$45,306.48	
CAM	\$4,506.40	
Insurance	\$789.37	\$1.13
Water	\$163.68	\$163.68
2008 Real Estate Taxes (billed 12/08)		\$93,230.20

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